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RUEHOK/AMCONSUL OSAKA KOBE 0868  
RUEHNAG/AMCONSUL NAGOYA 7391  
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UNCLAS SECTION 01 OF 09 TOKYO 004438

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DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;  
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;  
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;  
SECDEF FOR JCS-J-5/JAPAN,  
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA  
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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 08/08/06

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2) EDITORIALS

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(1) Both labor, management opposed to new labor legislation

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Nihon Keizai:

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Sankei:

(1) Dangerous trends exposed in Nagano gubernatorial election

(2) Use of "loophole" drugs comes at high price

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Akahata:

(1) Prime minister should stop visiting Yasukuni

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, August 7

NIHON KEIZAI (Page 2) (Full)

August 8, 2006

10:40

Met with Ambassador to Israel Katori, Ambassador to Denmark Okada, Ambassador to Greece Kitamura, and others. Then met with Shoichiro

Toyoda, chairman of the Aichi World Exposition Association.

11:32

Met with State Minister for Financial, Economic and Fiscal Policy  
Yosano and Cabinet Office Director General Takahashi.

12:03

Met with Chief Cabinet Secretary Abe

14:54

Met with Deputy Foreign Minister Nishida and Asian and Oceanian  
Affairs Bureau Director General Sasae.

15:32

Met with Upper House member Yoriko Kawaguchi, followed by Naoki  
Tanaka, chairman of the Postal Privatization Committee.

16:52

Met with Vice Foreign Minister Yachi.

17:19

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Met with Foreign Minister Aso.

18:43

Returned to the official residence.

4) Poll: Abe leads post-Koizumi race at 45%, Tanigaki up 7 points to  
9%

YOMIURI (Page 2) (Abridged)  
August 8, 2006

The Yomiuri Shimbun conducted a face-to-face nationwide public  
opinion survey on Aug. 5-6, in which respondents were asked to pick  
an appropriate person from among four lawmakers in the ruling  
Liberal Democratic Party as the next prime minister. In this rating,  
Chief Cabinet Secretary Abe ranked first at 45%, followed by Finance  
Minister Tanigaki at 9% and Foreign Minister Aso at 7%.

Abe leveled off from this July's survey, but Tanigaki was up  
7percentage points and Aso up 3 points. Tanigaki has risen in  
particular as compared with others. Former Chief Cabinet Secretary  
Yasuo Fukuda has now given up on his candidacy for the LDP  
presidential election, so many of his supporters seem to have backed  
Tanigaki, who, as well as Fukuda, is critical of Prime Minister  
Koizumi paying homage at Yasukuni Shrine. However, those who  
answered there is no appropriate person on the list also accounted  
for 30%, up 6 points from last month's survey. This shows that  
Tanigaki has yet to become an alternative for Fukuda's supporters.

The approval rating for the Koizumi cabinet was 51.1%, showing a  
slight increase of 0.9 points from July's survey.

5) First shipment of US beef since removal of second embargo  
arrives; US beef will likely make slow comeback to store shelves;  
Main purchasers are privately-run restaurants; High prices

NIHON KEIZAI (Page 3) (Full)  
August 8, 2006

The first shipment of US beef since Japan lifted the second embargo  
yesterday arrived at Narita Airport. Products will be put on sale as  
early as later this week for the first time in seven months. Many  
restaurant chains and retailers are taking a wait-and-see attitude.  
Though Yoshinoya D&C and some local supermarkets are preparing to  
purchase US beef, consumer anxieties about its safety and high  
prices will likely work as backlash. As such, the return of US beef  
to the Japanese market will likely be quiet.

The first shipment is 5.1 tons, and the importer is Costco Wholesale  
Japan Inc., in Meguro Ward, a major membership-based US wholesaler.  
Products will be put on sale at its five outlets in Chiba, Yokohama,  
Amagasaki, etc., later in the week at the earliest, after they go

through quarantine and customs procedures. Major customers are privately-run restaurants and consumers in general. Those who like US beef, which is said to be fatty and tasty, will likely purchase them.

According to the US Meat Export Federation (USMEF), the first ship cargo will arrive later this month. Since products transported by ship come in large amounts and at lower costs, the amount will likely top 10 tons.

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Restaurant chains and retailers are preparing to purchase US beef. A Yoshinoya chain spokesman said, "We are working hard to secure US beef." Cow Boy, which runs supermarkets in Hokkaido, has started price negotiations with trading companies with the aim of restarting the sale of US beef in early September.

However, only a few companies are at the moment positive about purchasing US beef. The primary reason for their reluctance is a consumer response. Many consumers are still distrustful of the US inspection system. They are reacting in a negative way to US beef because of vague anxieties about BSE.

6) US beef in distribution channel likely to just 10% pre-ban level; Government to inspect all cartons for time being

NIHON KEIZAI (Page 3) (Excerpts)  
August 8, 2006

Following the resumption of US beef imports, government measures to prevent a recurrence of the inclusion of specified risk materials (SRM), such as vertebral columns, in shipments will get underway. The Ministry of Agriculture, Forestry and Fisheries and the Ministry of Health, Labor and Welfare will start quarantine operations. They will open all cartons and check them to see whether they contain SRM. They will also conduct regular and surprise inspections of US meat processing plants based on the agreement reached between the two countries. The government will thus seek understanding from consumers regarding the safety of US beef. However, there is only a slim chance of US beef imports sharply increasing.

The consumption of imported beef in Japan has dropped to 60% of its peak level while US beef was banned. Australian products now account for approximately 90% of beef imports. A source in the restaurant industry noted, "Now there is less need to use US beef." An executive of a leading US meat company estimated that the distribution of US beef for the time being would be "no more than 2,000 tons a month, or 10% of the pre-ban level."

7) Abe plans to utilize cabinet spokesperson to help his top-down Kantei-led politics

SANKEI (Page 1) (Excerpts)  
August 8, 2006

Chief Cabinet Secretary Shinzo Abe, the front-runner in the post-Koizumi race, is considering establishing a political system led by the Kantei (Prime Minister's Official Residence) by reducing the burden on the post of chief cabinet secretary, now serving as the cabinet's spokesman, to let the chief cabinet secretary devote himself to conducting inter-ministerial policy coordination and Diet measures. Specifically, Abe plans to empower the post of cabinet public relations secretary, now vacant, to hold press conferences in place of the chief cabinet secretary. Abe also intends to buoy up the administration by defining the cabinet public relations secretary as a key cabinet post.

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Reviewing the responsibilities of the cabinet public relations secretary, Abe has decided to make the maximum use of the post in

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running his administration. Abe has noted regarding the new image of the cabinet public relations secretary: "It is noteworthy that the

post of cabinet public relations secretary is designed to maintain a

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good communication level between the prime minister, the chief cabinet secretary, the administration, and the public." Abe reportedly intends to give the post to someone from the private sector. The chief cabinet secretary has conducted two press conferences a day in principle. Abe apparently intends to let the cabinet public relations secretary conduct part of those press conferences to give the chief cabinet secretary some political freedom.

8) LDP's Kato: Abe landslide would make Upper House election difficult

MAINICHI (Page 5) (Full)  
August 8, 2006

Koichi Kato, former Liberal Democratic Party (LDP) secretary general, gave a speech yesterday at a 2006 Mainichi Forum sponsored by the Mainichi Shimbun in Tokyo. Referring to the possibility of Chief Cabinet Secretary Shinzo Abe winning big in the September LDP presidential election, Kato said, "A landslide would make it difficult for the LDP in the next Upper House election."

Should the LDP and New Komeito fail to win a majority in the Upper House, Kato said:

"Many LDP members are concerned that key bills would die in the Upper House Steering Committee, and the next Lower House election would be conducted in three to four months."

9) Government: Silent prayer for former Prime Minister Hashimoto not compulsory

ASAHI (Page 4) (Full)  
August 8, 2006

The government has asked local governments and public schools to hold silent prayer for former Prime Minister Ryutaro Hashimoto on Aug. 8, the day of the memorial service held for him jointly by the cabinet and the Liberal Democratic Party. In a press conference yesterday, Deputy Chief Cabinet Secretary Masahiro Futahashi said: "It is not compulsory. We want you to understand this point." This statement reflects the negative reaction by Kochi Governor Daijiro Hashimoto, Ryutaro's younger brother, who remarked: "That is not what my brother hoped for."

On the 8th, all government agencies will lower flags to half-mast and offer silent prayers for Hashimoto. In a cabinet meeting on July 25, the government decided to ask public institutions, including local governments, to do the same. In response, Governor Hashimoto expressed his intention in a special press conference on Aug. 5 to ask the government, as the will of the bereaved family, to cancel the request made to public institutions, saying: "The public might view it as compulsory." The Kochi prefectural government has decided not to accept the request.

The government has been perplexed at this development. Keeping in mind previous cases for late former prime ministers, a senior government official said: "It is not unreasonable to pay respects to a person who served as prime minister." Futahashi also commented: "I would like to give an explanation again to have the bereaved family understand."

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10) Nakagawa reiterates Yasukuni state control plan to prevent the shrine from becoming campaign issue

NIHON KEIZAI (Page 2) (Full)  
August 8, 2006

Liberal Democratic Party Policy Research Council Chairman Hidenao

Nakagawa reiterated yesterday a plan to place Yasukuni Shrine under state control with the concurrence of bereaved families and the shrine and consider a bill allowing the government to determine those subject to collective enshrinement. Nakagawa revealed the plan in his speech in Tokyo in connection with the question of unenshrining Class-A war criminals from Yasukuni. Nakagawa, who is close to Chief Cabinet Secretary Shinzo Abe, apparently has begun actively commenting on the subject of Class-A war criminals in a bid to prevent Yasukuni from escalating into a campaign issue in the LDP presidential race.

Nakagawa said: "Government members should refrain from discussing the matter in relation to religious freedom under the Constitution." He thus insisted that incumbent cabinet ministers must not discuss the option of making Yasukuni Shrine a nonreligious corporation in connection with the LDP presidential race.

Foreign Minister Taro Aso and Finance Minister Sadakazu Tanigaki, Abe's rivals in the post-Koizumi race, are cautious about visiting Yasukuni Shrine. Aso and Nakagawa are close when it comes to the idea of making Yasukuni a nonreligious corporation. Tanigaki is also positive about unenshrinement. Nakagawa apparently intends to give the impression that Yasukuni will not become a campaign issue by stressing that there are no major differences in ways to settle the matter.

The Japan War-Bereaved Association plans to study the propriety of unenshrinement after the LDP presidential election in September. With that in mind, Nakagawa also said, "The party should consider the matter after the association reaches its conclusion." Meanwhile, Abe said in a press conference, "The government has nothing to say about the Yasukuni issue." Nakagawa's statement reflects his consideration to Abe, who has been forced to make cautious comments as the government's spokesman.

11) Former LDP Vice President Yamasaki: Premier should refrain from visiting Yasukuni Shrine on Aug. 15

TOKYO SHIMBUN (Page 2) (Full)  
August 8, 2006

Taku Yamasaki, former vice president of the Liberal Democratic Party (LDP), delivered a speech at the Japan National Press Club. In it, he urged Prime Minister Junichiro Koizumi not to visit Yasukuni Shrine on Aug. 15, saying,

"I cannot approve of a visit to Yasukuni Shrine on Aug. 15 (the anniversary of the end of World War II). Thinking that there will be repercussions if he goes, he should not take such a visit lightly. That would affect future assessments of the Koizumi government."

12) South Korean ruling and opposition party lawmakers to visit Japan to prevent visit to Yasukuni Shrine by Koizumi; Plan to tour Yushukan Museum

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TOKYO SHIMBUN (Page 2) (Full)  
August 8, 2006

Kiyoshi Nakamura, Seoul

Ten South Korean parliamentarians from both the ruling and opposition parties will visit Japan on Aug. 11-13 to try to prevent a visit to Yasukuni Shrine by Prime Minister Junichiro Koizumi. Ruling Uri Party member Kim Hui Son announced the plan yesterday at a press conference in Seoul.

According to Kim, the South Korean lawmakers, along with Taiwanese legislative members and Japanese opposition party Diet members, are expected on Aug. 11 to submit to the Japanese government a letter of request calling on Koizumi and Chief Cabinet Secretary Shinzo Abe to refrain from visiting Yasukuni. They plan to tour the Yushukan war museum on the premises of Yasukuni. They are also expected to hand to the shrine a letter calling for the removal of the names of Korean war dead from the shrine, as well as for a list of the names

of those who are enshrined there to be disclosed.

13) Chinese Foreign Ministry Press Bureau chief: Unenshrinement of Class-A war criminals from Yasukuni would be meaningful

TOKYO SHIMBUN (Page 2) (Full)  
August 8, 2006

Referring to Chief Cabinet Secretary Shinzo Abe's visit to Yasukuni Shrine in April, the Chinese Foreign Ministry's press bureau chief yesterday stated that the Japanese prime minister should not visit the Shinto shrine. The official said: "Whoever Japan's next prime minister will be, if that person makes an effort to remove the obstacle between China and Japan, we will welcome the next prime minister."

Regarding speculation that Prime Minister Junichiro Koizumi may visit the shrine on Aug. 15, the anniversary of the end of World War II, the Chinese official sought Koizumi's self-restraint, stating, "There is no change in the Chinese government's position regarding the history issue."

The official also commented on the idea of unenshrining the Class-A war criminals from Yasukuni, saying: "That would be meaningful. The responsibility for the war should be taken by those who waged it. In that sense, the Class-A war criminals were responsible for the start of the war."

14) Government trying to ascertain if China has started production in gas field in East China Sea

ASAHI (Page 3) (Excerpts)  
August 8, 2006

A Chinese offshore oil producer said on its Web site that China has started development and production in the Chunxiao field (called "Shirakaba" or white birch by Japan) in the East China Sea. Bureau director-level negotiations are going between Japan and China on a plan to jointly develop the oil field. If China is found to have unilaterally begun production, the ongoing conflict between the two countries will inevitably escalate, resulting in negatively affecting the negotiations. That information, though, was deleted from the Web site after being posted for several days. Since it is

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uncertain whether the information is accurate, Tokyo is trying to hurriedly ascertain if the information is true.

China National Offshore Oil Corp. said on its Web site around Aug. 2 that Zhang Guobao, vice chairman of China's National Development and Reform Commission, had inspected the gas field in late July and had said: "Full-scale development and production have begun." But it also quoted Zhang as saying: "A lack of demand has limited the normal development pace," so it remains to be seen whether China has actually begun production."

15) Defense Agency to subsidize intercept missile makers for earlier deployment

NIHON KEIZAI (Page 1) (Full)  
August 8, 2006

The Defense Agency is thinking of subsidizing intercept missile manufacturers in order for the Self-Defense Forces to expedite the deployment of a missile defense (MD) system in Japan. In the wake of North Korea's recent missile launches, the agency is planning to subsidize them at about 5% of their contracts on state-of-the-art PAC-3 ground-to-air missiles. The agency will move up its MD plan for deployment at least one year earlier than scheduled.

The MD system is to shoot down enemy-launched ballistic missiles with intercept missiles. Japan's planned system would intercept ballistic missiles in two stages. First, an Aegis-equipped destroyer of the Maritime Self-Defense Force would launch Standard Missile 3 (SM-3) missiles to shoot down ballistic missiles in their launch and post-launch phase. Should the SM-3 miss these missiles, the PAC-3

would intercept them.

The SM-3 is a US-made missile. However, Japan will also manufacture PAC-3 missiles. The PAC-3 will be first deployed to the Air Self-Defense Force's Iruma base in Saitama Prefecture within the current fiscal year. The Defense Agency plans to deploy PAC-3s to four ASDF bases in Japan by fiscal 2010. The government has earmarked PAC-3 costs in its budgetary estimates since FY2004, and some makers have already begun production.

In order to frontload the deployment plan, the Defense Agency will need to ask manufacturers for cooperation in building more facilities and increasing on-site manpower. The agency's subsidization plan is being considered for new contractors, in addition to Mitsubishi Heavy Industries and several dozen relevant firms. The agency will subsidize them or will otherwise increase the amount of their contracts. The agency estimates necessary costs for next fiscal year at approximately 5 billion yen and will earmark the costs in its MD-related budget estimates totaling 150 billion yen.

16) Rocket shells land near GSDF camp on Golan Heights

TOKYO SHIMBUN (Page 1) (Abridged)  
August 8, 2006

In connection with Israeli strikes on Lebanon, rocket shells landed near Camp Ziouani on the Israeli side of the Golan Heights, where the Ground Self-Defense Force stations its personnel to participate in the United Nations Disengagement Observer Force (UNDOF), Defense Agency officials said yesterday. The GSDF members took shelter for a while, according to the officials. An officer of the Self-Defense

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Forces' Joint Staff Office at the Defense Agency confirmed the GSDF members' evacuation. However, the officer says the agency has yet to find out whether the rocket shells fell on the camp. None of the SDF members or their equipment was harmed, according to the officer.

The rocket shells landed around Aug. 4, according to informed sources. The Defense Agency has yet to be informed of how far from Camp Ziouani or how many rocket shells were involved. After the rocket shells landed, 31 GSDF members at the camp were evacuated at UNDOF's order and took shelter for a while.

The projectiles landed on the Israeli side, so they are highly likely to be rockets of the Katyusha type, a multiple-launch rocket system (MLRS) that is the same as those fired by Hezbollah, a Shiite militia in Lebanon.

17) Temporary heliport plan presented as condition for Okinawa's participation in consultative council

NIHON KEIZAI (Page 2) (Full)  
August 8, 2006

Atsushi Watanabe, head of the Defense Facilities Administration Agency's Defense Facilities Department, yesterday called on Okinawa Vice Governor Hirotaka Makino at the prefectural government office and asked the prefectural government to join a consultative body to be established by the central government and affected municipalities to discuss the relocation of the US Marine Corp's Futenma Air Station and other matters. In response, Makino presented the following conditions for the prefectural government's participation: (1) inclusion of a temporary heliport plan in the agenda and (2) separation of the Futenma relocation plan from economic assistance for base-hosting municipalities.

SCHIEFFER